S. HRG. 99-432

CRIMES AGAINST THE ELDERLY

HEARING

BEFORE THE

SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS AND ALCOHOLISM

OF THE

COMMITTEE ON LABOR AND HUMAN RESOURCES UNITED STATES SENATE

NINETY-NINTH CONGRESS

FIRST SESSION

ON

OVERSIGHT OF THE PROBLEM OF CRIMES COMMITTED AGAINST SENIOR CITIZENS AND WHAT MEASURES MAY BE TAKEN TO HELP PREVENT SUCH FROM HAPPENING

DECEMBER 9, 1985

ST. PETERSBURG, FL

Printed for the use of the Committee on Labor and Human Resources

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U.S. GOVERNMENT PRINTING OFFICE

57-193 O WASHINGTON : 1986

S541-26

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CRIMES AGAINST THE ELDERLY

DECEMBER 9, 1985

U.S. SENATE,
SUBCOMMITTEE ON CHILDREN, FAMILY,
DRUGS AND ALCOHOLISM,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
St. Petersburg, FL.

The subcommittee met, pursuant to notice, at 9:32 a.m., in the Sunshine Center, St. Petersburg, FL, Senator Paula Hawkins (chairman of the subcommittee) presiding.

Present: Senator Hawkins.

OPENING STATEMENT OF SENATOR HAWKINS

Senator HAWKINS. Good morning. As chairman of the Subcommittee on Children, Family, Drugs and Alcoholism, I am here today on behalf of the U.S. Senate to hear testimony from experts and victims on a subject that is very ugly to talk about, but very necessary that we do talk about, in order to protect the American family.

The subject this morning is "Crimes Against the Elderly." We know it is not a pleasant subject, but the problem exists, and it is not going to go away until all of us are willing to be a part of the solution.

Today experts will tell us how con artists and violent criminals prey upon the most defenseless, the most trusting, and often the physically weakest among us. More shocking to me is the testimony we will hear regarding the close friends, and even family members, that prey on our Nation's senior citizens. The stories are very disturbing, but I hope we can find a solution.

Pinellas County represents the largest concentration of senior citizens in the State of Florida, and it is indeed appropriate that this hearing be held here to provide an educational forum.

I would like to express my gratitude to the city of St. Petersburg and the Sunshine Center for hosting this morning's hearing. It is nice to be in Florida. I have to leave at 11:30. The Senate leader just called and said there will be votes starting at 12 o'clock, so the Senator will miss a few of those votes, but I have to leave at 11:30.

So in the interest of time, we are asking that the statements be very brief, and I will ask one question of the witnesses. Hopefully, we can conclude in time. If not, I will ask my staffer, Gina Zimmerman, who is seated by me, to conclude the testimony gleaned from the hearing so we can put it in the permanent Senate record.

It has been said a lot that the Nation is judged by the way it treats the young and the elderly. And to most Americans, the very

thought of having a crime against their grandmother, or a senior citizen, runs contrary to every value that we hold dear in this family-oriented society.

We must cherish and respect our senior citizens. Our values and traditions come from their example. But as we honor our senior citizens, potential assailants view the elderly as vulnerable targets.

Earlier this year, the House Select Committee on Aging released some startling statistics, and that subcommittee found that elder abuse is increasing, not decreasing; 1 million older Americans are abused each year by members of their own family; physically, psychologically, or financially abused is what we are talking about.

Elder abuse is far less reported than child abuse. One in three child abuse cases is now reported, and only one in five elder abuse cases comes to the attention of the appropriate authority.

Children go to school and are seen by teachers. Many of our elderly seldom leave their homes, and abuse is not detectable. Cuts and bruises can be explained away as the clumsiness of the elderly, or an accident caused by brittle bones.

In light of those frightening statistics, I am pleased that Florida has enacted mandatory reporting legislation, and set up extensive services for the victims of elder abuse.

I would be remiss if I did not add that there are unusual strains placed upon families who care for their aging parents and grandparents. Often the so-called grannybashing is the result of financial and psychological strains placed upon the family unit. The middle-aged daughter now finds herself back in the home, caring for an elderly parent, with no relief in sight; and the son and father, trying to make ends meet, is now asked to shoulder additional medical and sustenance costs.

But we want the public to know that help is available. Support groups are operational nationwide to let families know that they are not alone. Many counties, in addition, offer senior day care services.

A 1981 Harris survey indicated that senior citizens are most concerned about the impact of crime on their lives, more than they are about their health, more than they are about their income, more than they are about their social problems.

As a result, many of the elderly confine their activity to their homes out of fear of being victimized, and really become prisoners in the four walls of their home. The U.S. Justice Department has stated that about 182,000 senior Americans will be victims of violent crimes this year, and another 642,000 will suffer a theft. And these are the reported cases. We really have no idea how deep the problem runs.

Sixty percent of the elderly live in urban areas, such as Tampa, Miami, and St. Petersburg, where crime is the most common. Another problem we are facing now is the ripoff artists who are developing schemes to con the elderly out of precious resources. The over-65 group represents a market of elderly that are bilked out of about $60 million in expenditures annually. Now, that is a lot of spending power. Cons operate upon the fears and the hopes of the elderly. For the sick, they promise great miracle cures. For the poor, they offer get rich quick schemes, and for the wealthy they

offer extraordinary investment opportunities. All too good to be true.

I have some posters that I will show as an example. This one, "New, Powerful, Effective—A Magnetic Copper Bracelet." It is supposed to cure arthritis, it costs $5, you wear it on your arm, and for best results, buy two. Wear one on each arm.

I would like to show you this one. For this ad a promoter touted a cure for nearsightedness, farsightedness, astigmatism, and middle-age problems, with only an eye exercise program. The exercise method directed users to ignore standard medical advice.

Now, this program costs $9.95, plus $1 shipping charge. Medical experts who reviewed the program said that it could lead to blindness. About 66,000 people responded to the ads, as far as we know, at an estimated loss of $726,000.

And I thought I would show you this.

Now, these glasses were supposed to make you lose weight. They said a lady wrote in and stated she used to have a weight problem. She weighed over 400 pounds and then she saw an ad for these great glasses here, and she sent in $25, and got these vision dieter glasses, blue lens on one side, beige on the other, kind of a pink tint.

And you put them on for 2 hours a day, and indeed, the promise is made that you will lose hundreds of pounds, if you need to, just hours a day wearing these glasses. Now, it is called vision dieter. It has a nice case, patent pending, and all rights reserved for the patent that has been applied for.

These con artists leave no paper trail. It is very hard to get back to them. A lot of them deal in cash at the door, and they will never have written contracts, or estimates.

Today I would like to place in the record my support for senior day care services.

That is something I fought for since my first bill after becoming a Senator in 1981 was to provide care for seniors and children, for people making less than $30,000 a year—to make that tax deductible. When I came to the Senate, it was tax deductible, if you made more than $30,000 a year, but not if you earned less.

That was the first bill that I passed, and we are still looking at improvements on those bills, because we now find that we need relief with so many people having to take 24 hour care, especially with Alzheimer's disease, so that the person who is responsible for the care should have an opportunity to have a respite from that, and we are passing legislation this year that would allow the person who is taking care of the elderly to have a vacation, and leave their responsibility at the local center, to at least get some relief for those that that are wonderful and do take their responsibilities keenly.

We have 11 witnesses today. They are experts, and some are victims of the crimes against the elderly. Our first panel is seated behind the green shade, and these panel members will detail the pains and realities of elder abuse.

Our second panel will explore the emotional, and physical, and financial scars inflicted upon the elderly by violent crimes, and our third panel will reveal some of the most startling fraud schemes of this entire decade. Everyone needs to have this information. Our

first panel will be divided into two parts, both dealing with abuse of the elderly in the home.

The first two witnesses, Mrs. "A" and Mrs. "B," are themselves victims of elder abuse, and for their families' benefit we have asked that their identities be withheld. Their faces will be concealed when they testify, and I ask that the media respect their anonymity. Mrs. Bette Jenkins is with them. She directs the South County Day Care Center.

I know it is not an easy or comfortable position for you to be in, but I just want to ask you some questions relative to your personal experiences, because I understand you continue to carry scars from your difficult ordeal.

Mrs. "A," I understand that you are now 84, and were emotionally and financially hurt by your brother. Is that correct?

STATEMENTS OF MRS. "A," VICTIM OF ABUSE, MRS. "B," VICTIM OF ABUSE, BETTE JENKINS, ADMINISTRATOR, SOUTH COUNTY DAY CARE CENTER, ST. PETERSBURG, FL, DR. JORDAN I. KOSBERG, PH., ACSW, UNIVERSITY OF SOUTH FLORIDA, TAMPA, FL, MACK M. VINES, DIRECTOR, BUREAU OF JUSTICE ASSISTANCE, U.S. DEPARTMENT OF JUSTICE, WASHINGTON, DC

Mrs. "A." That is correct.

Senator HAWKINS. Could you tell us your story?

Mrs. "A." My brother withdrew $30,000 of my money, which were in CD accounts, and he used that to buy a mobile home, which he said I needed to have because it had two bedrooms, which was a lie.

I have disliked the place ever since I have been in it. He mistreated me all the time I was there, and now I just took the first steps to get out of there because I did not like the way he was treating me. He had a vicious temper, and I was afraid of him. He told me if I cooperated with him everything would go all right. I was so afraid of him I would say yes just to get him off my back for a while.

And then I had another brother who was very good. He would give me $1,000 every year, and then he heard that, he got after me. He loaned me $400 to buy a cover for his porch, which he had put in without my permission, and he wanted that. I said OK, there is no sense denying it to him because he would only bother me all the time.

He would walk around nude all the time, and force me, in a way, to look at him. He would give me a sleeping pill at night, and then would show—I did not want to look at him because he was naked, and I would take the pill, and I sort of dropped the water. He said: "If you looked at me, you wouldn't drop the water." That was his idea of forcing me to look at him.

And then one day he asked me to use a vibrator on his back. I tried—I says: "I don't think I can do it. My hand is very small," I says: "I'll try." I would not deny him anything because I was afraid. So I did do it, and while I am doing it, he turned around, and that thing hit me right in the face. He did that to me, and it was the next day I left him, and I did not have enough sense to

take the numbers of the CD's or anything. He had my box of my insurance policies and everything in it.

And my birth certificate, I do not have that today. He has that. He has everything of mine; my furniture, my—I would like to get some things back from him, because I cannot live on what I have got.

I have only got my Social Security, and what my sister-in-law sends me from New York, to help me out.

Senator HAWKINS. How were you relocated to the day care center?

Mrs. "A." Well, I go from—I am in a boarding house, and I go from there to the day care center every day, to be out of there. I am not fond of it there either, because everybody does not know what they are doing. They take in all kinds of people.

So I go around to the day care center, I enjoy it. They have music, which I love. They have everything there that one would desire, really, to put it in a nutshell. Everything. They have it so nice there, and that is why I go down there every day, to be with them who has helped me, and brought me there.

She is the one [indicating to Ms. Jenkins], and she does so much for many people that I know, and nothing should be taken away from them. It should be added, because they do so much for people. I do not know why Bette Jenkins cannot have more to work on.

Senator HAWKINS. That is a good plug for the center. I will see what I can do for you.

Mrs. "A." I thank you very much.

Senator HAWKINS. I understand that you just recently were mugged outside of your present home. Is that right?

Mrs. "A." Yes, I was. I was mugged there, right alongside. The man was going to go up the alley. There was an alley right there alongside of the porch. He was going to go up. Instead he turned right around, and he took his—he did not use his hand. He used his—all his elbow, and pushed me back of a cement wall, and gave me a bump on my head, and then they took me to a doctor and had x rays, but that, they said, was OK.

But I know they would not give me a permanent wave on that part because of it.

Senator HAWKINS. Did they apprehend the mugger?

Mrs. "A." They never got him. They wanted to take pictures of me. I could not see that. Why not pictures of the mugger, not me? But they never got him. They did look in that alley, look in all those—I knew he would take the money. That I did not mind. I had the money there for my medication and incidentals I like to have. It was $96, if I am correct. I may be off a little, but I had what I had, and I figured he would take that, but please leave the pocketbook, because I had so many mementos in there that I really needed, and I have never been able to have.

And my checkbook and everything was in there. So I got out of there and we went to the bank, and we had them switched some money. I have got $8,000, and that is all I have gotten out of it, only $8,000.

Senator HAWKINS. I am glad you found the day care center, and I wish you great safety as you spend your days there.

Mrs. "A." Sure.

Senator HAWKINS. The intent is to make you happy, and comfortable, and safe.

Mrs. "B," I understand you are a real youngster. You are just 74?

Mrs. "B." Yes.

Senator HAWKINS. And at the time of your husband's death, you sought hospitalization?

Mrs. "B." Yeah.

Senator HAWKINS. And while you were recovering, a close friend convinced you to give her the power of attorney so she could pay all of your bills.

How were you brought to the day care center?

Mrs. "B." My doctor had—my doctor.

Senator HAWKINS. Brought you to the day care center?

Mrs. "B." Yeah.

Senator HAWKINS. What support has been offered to you?

Mrs. "B." What, supposedly, has been offered to me?

Senator HAWKINS. Yes.

Mrs. "B." Well, he—I do not know. He just told me that I had to go out there and have somebody look after me, because Rosie was working, and she could only look after me in the afternoon, when she got off. So that is why he put me out there.

Senator HAWKINS. What did your friend do? Did she pay your bills, or just took the money?

Mrs. "B." No; she had to come to me to get the bankbook. So she got it in her hand when I was at the hospital, and she went and told them that she was going to take me in her house and take care of me, and she had went back, and they had changed to her, over to her.

Senator HAWKINS. How much money was that?

Mrs. "B." Well, that was the insurance money off of my husband's death. It was around—must have been around $9,000, after she got through paying the hospital bills and things.

Senator HAWKINS. Was your former friend prosecuted?

Mrs. "B." No; we tried to get something out of her. So after we went out to the Bay Pines with Beth, she tried to get some of my money, but she did not have none. I do not know what she did with it; she threw it away, all the money. They could not find nothing. I could not get anything out but $500.

Senator HAWKINS. It was $9,000 that she took?

Mrs. "B." Yes; it might have been a little bit more. I do not know.

Senator HAWKINS. Did she have access to your safety deposit box?

Mrs. "B." No; she made that herself—access, because I always had kept my books—valuables, and so after she had that done, she just went and did anything she wanted. So I had a box down into the bank, too, and so she even went in that, and I did not know that she knew that I had it.

Senator HAWKINS. Have any members of your family been able to help you during this difficult time?

Mrs. "B." Well, I do not have but one boy. I am alone. He is in the Army. He is over in Germany.

Senator HAWKINS. How old is he?

Mrs. "B." She would not get in touch with him. She said he would not come, but I know better. So I just had to put up with her.

Senator HAWKINS. What advice would you give other people that find themselves in your circumstances; say their husband dies, and you are——

Mrs. "B." Well, I do not want to trust nobody.

Senator HAWKINS. That might be good advice.

What is the most valuable public service that has been offered to you during this time?

Mrs. "B." Well, since I have been in Bay Pines, take care of myself. So I just hang on. I have to just go along and take care of myself.

So in the end, the girl that was there, that does the cleaning for me—because I am sick with my back; I cannot do any work—so she came and tried to get $400 out of me. I told her to go to Beth, see if she cannot take care of everything for her.

So it is a good thing I did. So the next day she came and asked me about another lady that was supposed—so I called her, and I told her—I said: "She coming to you."

I asked her: "Well, if I give you $400, what you going to give me?"

So I told her—I said: "I'm not putting out anything, because I have got to take care of my own self." I said: "You're young. You can get along." So after I turned her down, she stopped coming to see me now.

Senator HAWKINS. Well, that is good, she stopped coming to see you.

Our problem is she may go to other people that are just as vulnerable.

Mrs. Jenkins, you are the heroine in these stories here. Are these cases of Mrs. "A" and Mrs. "B" common, or are they very rare?

Mrs. JENKINS. Unfortunately, they are not as rare as they should be. There are many different types of abuse. There is the abuse from our frustrations of trying to deal with an elderly spouse, or parent, that usually leads to physical abuse.

These two ladies were abused by someone who was scheming, and cunning, and who spent more energy trying to figure out how to get their money, than they would have working 8 hours a day.

I suppose they must stay up all night trying to figure out how they can get funds from elderly, frail, vulnerable people.

Senator HAWKINS. What support services are there for people like Mrs. "A" and Mrs. "B," in addition to day care facilities?

Mrs. JENKINS. We also offer—in this county, with Neighborly Senior Services—we offer transportation for the elderly. We offer community care for the elderly, that will help someone such as Mrs. "A" and Mrs. "B" to stay in their homes, with housekeeping, shopping, and, if needed, personal care.

We also use outside resources. In the two ladies' cases, we have been to Gulfcoast Legal Services. We often refer them to HRS. In cases of abuse, we always—even if it is just suspected abuse, we always call in HRS.

We need as many resources as we have. More often than not, it is to get them out of a situation, and to prevent them from getting into a situation. Once they come into the adult day care center, we find out what has happened.

Senator HAWKINS. Already?

Mrs. JENKINS. Already. And then it is up to us to try to remedy as much of that as we can.

Senator HAWKINS. Do you know how much of your money is Federal money?

Mrs. JENKINS. We are funded under the Older Americans Act, 3D, and it is 90 percent. We have to come up with 10 percent matching funds. We just found out this past week the adult day care project in 1986 is going to have to raise $90,000 to keep the six centers open.

Senator HAWKINS. You have six centers?

Mrs. JENKINS. Yes; we have six centers in the county. One is designed, specifically, for people with Alzheimer's disease, and we have one in Palm Harbor, one in Clearwater, one in Largo, and two more in St. Petersburg.

Senator HAWKINS. Is there any central agency that victims like Mrs. "A" and Mrs. "B" can call in order to be referred to your center?

Mrs. JENKINS. We take referrals from anywhere, if they call our main office. Would you like the telephone number?

Senator HAWKINS. Yes.

Mrs. JENKINS. OK. It is 576-9444. They will be directed to the adult day care center which is in their territory. We have a waiting list, but if it is someone who is a top priority, then we bring them in just as quickly as we can. We will move them to the top of our waiting list.

Senator HAWKINS. Well, we thank you very much for your interest and your support.

Mrs. JENKINS. We thank you for your interest.

Senator HAWKINS. We will help you on the money side, and we continue to care. That is the most important part, I believe, in this whole scheme, is in finding a caring person, someone you trust.

Mrs. JENKINS. They need someone that will fight for them, too. They are too old; they are too frail. That is why they get in these predicaments.

Senator HAWKINS. Have a lot of the victims outlived their children?

Mrs. JENKINS. No. No, in most cases, they are—Mrs. "A" never had any children. Mrs. "B" has one son, that at one point was in Seattle, WA; and right now he is stationed in Germany, in the Army. So right now both of these women are alone.

Senator HAWKINS. Is that representative of the population?

Mrs. JENKINS. Yes; we had one gentleman—this was several years ago—who was paying the rent for a home that housed him and his son, and his son's family. This gentleman was paying the rent from his Social Security check, and they were making him sleep on the porch. We got him out of there, too, and let the son pay the rent himself.

Senator HAWKINS. How did you hear about the case?

Mrs. JENKINS. He was coming to the adult day care center. The elderly sometimes get to be a nuisance, and in order to get them out of the house during the day, then they will refer them to an adult day care center.

And after they have been to an adult day care center for 2 or 3 months, they look around and see what we are doing, and they begin to trust us, as a staff, and realize that we are there to help them.

We are not there to be a buddy to whoever has ripped them off. We are there to help them. So often the case is they will be there for about 3 months, and they will come and start talking to us, because they found someone that they can trust.

Senator HAWKINS. What hours are you open?

Mrs. JENKINS. We are open from 8 until 4:30.

Senator HAWKINS. We thank you for participating in this hearing, and we will stay in touch with you. But if you stay in touch with me, it would help improve your program.

Mrs. JENKINS. Thank you very much, Senator Hawkins.

Senator HAWKINS. We will excuse this panel, and the second portion of our domestic violence panel will briefly discuss the support services, and some causes for elder abuse.

Dr. Jordan Kosberg is with the Department of Gerontology at the University of South Florida. Dr. Kosberg and Mr. Mack Vines are names that are well known here in Pinellas County.

Mack served in the St. Petersburg Police Department for 21 years, some of which were spent as the chief of police in his former life. He now serves in Washington with the Department of Justice, as Director of the Bureau of Justice Assistance, which is a very important department. I work very closely with the Department.

As I understand it, you oversee the distribution of $70 million in Federal formula block grants, and some discretionary grants, and we thank you both for joining us here this morning.

Dr. Kosberg, I know you have been closely following the mandatory reporting requirements in Florida for elderly abuse. Tell me what you see as the shortcomings of these requirements.

Dr. KOSBERG. Well, mandatory reporting of elder abuse by the public and professionals alike cannot be viewed as a panacea. Often States around the country point to mandatory reporting in response to the question: What are you doing about the problem?

Certainly, there is a need for protecting the dependent elderly from harm, a need to provide noninsitutional alternatives to the elderly, so families will not feel forced to care for an older person, or that forcing them into an institution will be the only alternative.

I think that, in a way, mandatory reporting of elder abuse cannot be viewed as a panacea for several reasons. First of all, because the problem is so invisible. It occurs in the home, and therefore, it really is undetected by professionals and the public alike.

Also, there is the issue of privacy, and self determination for the elderly. One thing you should know, if you do not already, is that as opposed to child abuse, an older person can wish to remain in an abusive situation, and has that right.

Indeed, unless there is a crime being committed, as such, an older person who denies the existence of a problem, and who wishes to remain in his or her home, can do so. There is truly no

mechanism to remove the older person out of that abusive situation, if there is denial and refusal to point the finger at an abusing individual, and this, of course, makes intervention so problematic and so frustrating to professionals.

There are additional reasons, of course. One is denial of the problem. And here again, mandatory reporting does not deal with the issue of denial, and accordingly, then, nothing can be done about it.

Also, the truth of the matter is that as true of victimization or crimes, individuals are somewhat reluctant to get involved and to report. There is fear of litigation and legal reaction by the alleged abusing individual, and so some individuals refrain from reporting the crime itself.

So there are various reasons why we cannot view mandatory reporting as a panacea, and indeed, it occurs after an alleged commission of the crime. My own hope for legislation would be a view toward prevention, so that the problem itself will never occur.

Senator HAWKINS. That would be perfect. I hope that we can come to that stage. We have to admit that we do have the graying of America, and we need to provide help for them.

Mr. Vines, you have your statement?

Mr. VINES. Madam Chairman, it is a pleasure being here, back in St. Petersburg. Of course, as you mentioned, being in the District of Columbia, and finally returning back home, seeing some of the people here in the audience. It is always a pleasure to see them, also.

I have always been concerned, as a police chief, and also now as an official in the District of Columbia, with regards to the elderly, the problems they do have.

In some of my prepared remarks, I would like to touch on some of the issues that the Department of Justice is involved in, and also in how we are attempting to help the elderly.

The Department of Justice, of course, is very concerned about the criminal victimization of senior citizens, as well as the problem of fear of crime among the elderly. The President's task force, as you are well aware, in 1982, during its hearings throughout the country, discovered that nowhere in today's society is the violence toward the aging more severe.

Research by the Department's Bureau of Justice Statistics—the BJS, as we call it—reports that while the elderly are victimized relatively less for some crimes, there are a far greater number of crimes against their personal and household property, as has already been mentioned.

You mentioned some statistics. The Bureau found from 1973 to 1980, elderly Americans are victims of about 170,000 rapes, robberies and assaults each year. In the same period, they were victims of roughly 1.5 million personal and household larcenies, some 750,000 residential burglaries, and about 77,000 motor vehicle thefts.

In addition, because of the physical effects of aging, elderly victims are more likely to suffer disabling injuries, such as fractured hips, broken bones, in an incident that with a younger victim might not be so severe.

The Bureau of Justice Statistics, again, found that one-fourth of the elderly robbery and assault victims sustained physical injury, and approximately 21 percent of those required hospital care.

As with most victims, the criminal justice system, its processes, often produce the feeling of alienation, which has already been mentioned here, in the elderly. That is one of the reasons why almost two-thirds of the crimes in this country are not reported to the police departments thoughout the country.

I might add, that even those victims who do have courage to report a crime, because of the feelings of alienation, become unintentionally, on their part—they encourage plea bargaining by the prosecutor, and outright dismissal of some cases, as has been mentioned here by Mrs. "A" and Mrs. "B."

As you are aware, Madam Chairman, the victims task force made a number of recommendations to improve the treatment of crime victims at every level of government, and by every segment of a society that we reach.

Again, the President's task force on victims of crime, studied the experiences of crime victims in this country. It recognized that violence within the family often is much more complex in causes and solutions than crimes committed by unknown attackers.

Because of this realization, the President's task force recommended that a separate study be undertaken to give this problem the individualized consideration it requires, as you are fully aware.

The Attorney General's task force on family violence, was established and conducted six regional hearings, during which hundreds of professionals with expertise in the field participated.

The task force found it to be more difficult to obtain testimony from elderly victims—which you could probably witness in Mrs. "A" and Mrs. "B"—than from any other kind of family violence victims.

Admitting the problem is extraordinarily difficult for older people. They are very fearful, especially if they depend upon their family for income.

The final report of the family violence task force calls for law enforcement officers—and I hope there are a number of them here—prosecutors, and judges to intervene vigorously in cases of family violence, such as mistreatment of elderly relatives.

A number of police departments around the country do not have active family violence units, and they are more involved with what we call domestic-type crime; burglary, robbery, rape, larceny, auto theft, things of this nature.

The Office of Justice Programs, which you mentioned, has been given the responsibility within the Department of Justice to implement to the fullest extent the recommendations of both the victims and the family violence task force.

The Department's Office of Victims of Crime is working closely with a number of criminal justice professional organizations to develop and deliver training to police officers, sheriffs, judges, and prosecutors—which they need drastically—defense attorneys and others, on the treatment of crime victims, especially the particular needs of the elderly.

Now, the office is developing procedures for the administration of programs authorized under the Victims of Crime Act of 1984. As you are well aware, Senator Hawkins, this is a legislative part of the Comprehensive Crime Control Act that was signed by the President in October 1984.

It authorizes Federal financial assistance to State crime victim compensation programs, State victim assistance providers, and increases services for victims of Federal crimes.

The act establishes a crime victims' fund, which you might be interested in, in the U.S. Treasury, to support the program. Grants from this fund are awarded to the State crime victim compensation programs, and to the States for awards to local crime victim assistance programs, which you were extremely instrumental in, in Florida, back when I was chief of police in St. Petersburg.

Moneys in the fund come from criminal fines and penalties collected from Federal defendants and through the forfeiture of convicted criminals' literary profits that arise from the sale of their story about their own crimes. They are writing books, selling books, and receiving a lot of monetary value from that effort.

This act turns that money back into the fund to assist victims, predominantly elderly victims. This program will help elderly crime victims, in particular, recover from the financial hardships resulting from that victimization.

Now, to be eligible for victims' assistance funds, the State of Florida must agree to give priority to the programs providing assistance to victims of family violence or sexual assault. Services covered under this program include crisis intervention, emergency transportation to court, short-term child care, temporary housing, and security measures, assistance in participating in criminal proceedings, and payment for forensic rape examinations.

Now, I am pleased to announce that the implementation of the new legislation is well underway, I feel. More than $15 million recently has been awarded to 20 States and the Virgin Islands to support their victim compensation programs, and we expect to award the remaining compensation and assistance grants within the near future.

The awards to Florida will be about $1.5 million under the vicitim compansation program, and $1.7 to $1.8 million for the victim assistance program. States must also obtain funds through the block grant program handled by the Bureau of Justice Assistance to develop projects addressing the problem of crimes committed against the elderly; to date 42 States grant awards having been made, only two States, though, Senator, Iowa and Louisiana, have committed funds to elderly programs.

The State of Florida's application for block grants is expected in my office sometime next week, and I am told that it will be broken down as this; $59,467 for a statewide program dealing with crimes against the elderly. The application will also request $225,000 for the implementation of crimes against elderly programs at the local level of government, and $50,000 for other crime prevention programs that might well include components designed to ease the concerns of the elderly pertaining to crime, but that is all.

But throughout the Bureau's discretionary program, which is not a formula, or a block program—it is basically just a discretionary program—we provide technical assistance and training to the criminal justice components throughout the country, the Virgin Islands, Puerto Rico and, of course, the District of Columbia—53 elements—explaining how they can enhance victim assistance programs.

I feel that the money we have, $70 million—and, of course, we are always looking for the next year's appropriation, is not really that much money to provide assistance, not only for elderly victims, but for victims as a whole throughout the country, but it is a start, and I think that the Department of Justice, under the leadership of Ed Meese, is definitely aware and very concerned about this, and I want to compliment you for what you have done, and my memory of you any way, when I was a chief of police, regarding your convictions toward this particular problem we have with elderly crime.

Senator HAWKINS. Thank you very much.

We appreciate having somebody in Washington that was a chief of police, and has had to lead investigations, and understands the on-the-scene activities we have.

I guess there is not enough money in the world to commit—as much as I would like to—to commit to these programs, but at least we have a beginning, and a program to follow.

And, Dr. Kosberg, I did not mean to cut you off. Do you have further comments?

Dr. KOSBERG. Oh, yes; well, picking up the idea of prevention, I think there are some things that can be done that need not necessarily involve a whole lot of money.

First of all, I believe on the part of professionals—be they in social service or health service systems—that there should be very careful assessment of the family members that they are placing an older person in the care of, whether it is at time of discharge planning, or when a decision has to be made when an older person can no longer independently care for him or herself.

There is almost an instinctive turn to family, and this is true, also, for probate court judges, in seeking guardians. The question often asked is, is there family. And if there is, then often the older person is placed with family members.

It is a very understandable decision that professionals who are overworked make, but there is very little, if any, assessment of the characteristics of that family member, or family, in terms of their appropriateness to care for a dependant, vulnerable person of any age. And certainly, if the person is old and impaired, it may be a very problematic placement.

Second, there is a need to consider the family who is going to receive, or is being entrusted with the care of an older person. There is, in the social service field, a redefinition of who the client is, and now there is the inclusion of the family in toto, in addition the older person, and a concern about what the impact will be on the family who cares for an older person.

We know that bad things can result from good intentions, and very often families that are overburdened or overstressed, themselves, suffer physical and psychosomatic consequences, which may possibly result in abuse of that individual who is seen to be the cause of family problems: the older person.

So I think some sensitivity to the plight of the family, and also an assessment of the characteristics of family members is very important. Certainly, there are needs for supportive services for families who care for elderly individuals, and we touched on several this morning; respite care, perhaps, being the most important, like

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day care, but also alternatives to family care. It should not be the case that family care is the only alternative to institutionalization.

There should be other options available as well. Certainly, there should be followup of elderly who are placed with family members, to ensure the appropriateness and the quality of the placement decisions that have been made.

These are a couple of the thoughts that I have. Again, I, at this point, put the emphasis on preventing the problem from even occurring. Certainly, there are mechanisms, however effective or ineffective they are, after the adversity has occurred. But I say let us put some attention to preventing the problems from even occurring.

Thank you.

Senator HAWKINS. Well, I agree with you, and also, the followup screening after they have been placed I think is very necessary. It may not be the proper place to put them, just because they have family. Some screening, as time goes by, also, would be very beneficial.

Thank you both for participating in this hearing today, and we will call our witnesses for the next panel.

We will put our screen back up. I am told that our next panelist was a victim, and she prefers that her face be hidden, since her attacker has not been apprehended.

We would ask that the media cooperate with us in this matter.

On our panel will be Lena Blomstrom, who formed the Citizens Council on Crime 16 years ago, after she herself was a victim of purse snatching, and they will be joined by Officer Art Walls, who serves as president of the Florida Crime Prevention Association. They should be a very informative panel.

Mrs. Burgess, tell us your story, would you, please?

STATEMENTS OF JEAN BURGESS, VICTIM OF VIOLENT CRIME; LENA BLOMSTROM, PRESIDENT, CITIZENS COUNCIL ON CRIME, ST. PETERSBURG, FL; OFFICER ART WALLS, PRESIDENT, FLORIDA CRIME PREVENTION ASSOCIATION, SARASOTA, FL

Mrs. BURGESS. I was going in the place where I had worked for about 15 years, going in the back door, and there is a loading platform there, and you go up about four steps, into a door, and as I was entering the door, someone came up behind me and grabbed my purse.

I really did not know what was happening. I found myself down those steps, all broken up. My shoulder was crushed, my arm was broken, and my knee was broken, and they hit me over the head with something. I had a big knot on my head, and my face and eyes and nose were all swollen and blue.

Someone from the back of the shop found me, called the police and the medics, and I was taken to the hospital, and I was there 2 weeks, and from there I was transferred to a nursing home, and I was there 2 months.[1]

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[1] I have permanent injury. Right arm shorter and limited usage.

Workmen's compensation was very good. They took care of all these bills, and after I was out of the nursing home, I went to the hospital and had therapy another 2 months.

Senator HAWKINS. Yes. Are you working now?

Mrs. BURGESS. Part time.

Senator HAWKINS. How old are you, Mrs. Burgess?

Mrs. BURGESS. Seventy.

Senator HAWKINS. Seventy. You would probably be working full time if you had not been injured?

Mrs. BURGESS. Probably, I would have.

Senator HAWKINS. Do you feel free to be away from home after dark?

Mrs. BURGESS. No, no, no.

Senator HAWKINS. Do you go home before dark?

Mrs. BURGESS. And I am very afraid when someone walks up behind me. I am trying to get over that, but I really go to pieces if I think someone is close to me.

Senator HAWKINS. It would be a frightening feeling. Do you have suggestions for others who might be subject to criminal attacks, such as yourself. Did you have a purse over your arm?

Mrs. BURGESS. Well, I thought I was being very careful. I was conscious of the crime that goes on, and that elderly people are subject to these attacks.

Now, I would say, just do not be on the street alone, especially in the late hours.

Senator HAWKINS. Are you personally involved, or aware of any neighborhood crime watches that primarily are comprised of senior citizens, that look after each other?

Mrs. BURGESS. I live in a condo complex, and, yes, we are very conscious of that.

Senator HAWKINS. Thank you so much for helping us. Hopefully, we will apprehend the criminal.

Mrs. Blomstrom, you have already given me a subpoena this morning when I arrived on the scene. Tell us your story, please.

Mrs. BLOMSTROM. January 16 will be 19 years since a black man grabbed my pocketbook out of my car, between a sister and myself, and I very foolishly turned around and grabbed the pocketbook as he went out, and went down the street. And my sister and cousin's husband were behind him, but he got away. I went down on my knees, still having trouble with it.

But from that we got so much publicity that people from all over the city called and said: "You're carrying the ball. You've got to keep on."

So a civic organization came up home one night, 21 of them, demanding that we start an organization. So next January we are having an anniversary meeting in the Judicial Building, where we have been meeting for the last 18 years. It will be 7:30 p.m., in courtroom E, and the attorney general will be our guest speaker.

And I hope that we can fill the house. You are all invited. After his talk we will have refreshments. But I tell people: "Don't be afraid. Go out at any time you want to, but be careful, and if you're driving a car, be sure your doors are locked, whether you're in the car or not. And before you get in it, be sure and look and see that there's no one in there."

But we have now over 1,000 members. We need more, because through numbers, we are able to have more influence over our lawmakers, and I have lobbied in Tallahassee, and I intend to go back next time. We fight for better laws, and to do away with some of the old laws that are not feasible right now.

Senator HAWKINS. How old did you tell me you were, Mrs. Blomstrom?

Mrs. BLOMSTROM. Well, for the first few years, I did not tell my age, because I was afraid the city hall and all would say she is just an old woman trying to kick up dust, but Bethia Caffery, with the Independent, wrote a feature story on the organization and me. I told them not to put my age in there. We were good friends, still are.

She said: "You know I won't," but she said: "Lena won't tell her age, but she was born January 14, 1898." So January 14, I will be 88, and I am kind of proud of it, because I am not old. I am only a senior citizen when something can help me, and I do not believe in any of us saying we are old.

We are only as old as we feel, because you can do anything you want, and there is so much that this city needs help from you retired people. There is nursing homes. Get busy with them, and you will not be lonely. There is so many lonely, retired people here, because they will not get involved.

We have got a lot of things we can put you to work at. The police would like for us to organize a crime watch organization—I mean not crime watch—a court watcher to go in the courtroom and let the judges know that you are there watching them. The trouble with a lot of it is that judges are not being as tough at times as they should be.

Senator HAWKINS. That is a good idea. You keep your eyes on them.

Mrs. BLOMSTROM. Well, they claim so, and they say that if you do not understand why they sentenced the people the way they have—the judges—you see the bailiff, and the judge will explain to you in his office why he gave those sentences.

So if you will be a court watcher, I would appreciate your getting in touch with me. I am the only Blomstrom in the telephone book. I would like to have you as members, because through members is the only way we have influence over Senator Hawkins and everybody else.

Senator HAWKINS. I have never been served a subpoena, until I came into the Sunshine Center. It took my breath away, but she means business. She is going to have everyone there, and I think that is a great story to tell; 88 years old is a mere youngster, right?

Mrs. BLOMSTROM. Sixty-eight is young, and I drive a car across the State, or up to Virginia, or Washington, or wherever I want to go.

Senator HAWKINS. Well, then St. Petersburg is very lucky to have you here to organize these groups. I believe there is a lot of untapped strength there with the seniors, who do not know each other, but numbers do make an impression, and I am really proud you are being so brave to man the stations around this city.

We thank you, Lena.

Mrs. BLOMSTROM. I thank you.

Senator HAWKINS. Mr. Walls.

Mr. WALLS. According to the American Association of Retired Persons, Florida is a unique State when it comes to the elderly. Currently, there are more persons age 65 or over in our State than there are teenagers. Florida leads the Nation with the highest percentage of the population being over 65.

With this in mind, we must now turn to the problem of violent crime, and see how it effects older Floridians. Looking at the criminal statistics for the period of January through June 1985, compared to 1984, we see there is a 10.1-percent increase of violent crime in the State of Florida.

Crime, or the fear of crime, are among the most serious concerns of older persons. Many seniors have changed their lifestyle due to this fear. Many no longer go shopping in certain areas, go out after dark, and some even change their sleeping habits due to the fear of their home being burglarized.

I personally had the experience of visiting a senior citizen in Sarasota, who was a two time burglary victim, in her home, and now she stays up all night, and sleeps during the day, because she is fearful that someone again will break into her home at night. I think that is very sad when we have to see that happen.

Unfortunately, it has been found that crimes against the elderly may have more serious physical, psychological, and socioeconomic effect than those felt by other victims.

With these facts in mind, we must turn to the alternatives to fighting crime, the most notable being crime prevention. For years, the general public has relied upon law enforcement to combat the ever-increasing crime problem in the State of Florida. Currently, senior citizens in many areas are learning various crime prevention strategies that they may implement to protect themselves and their property.

There are numerous groups and organizations around the State that are offering training to the law enforcement practitioners who, in turn, teach our seniors. To mention a few at the State level, we must include the Help Stop Crime Program, and the Florida Crime Prevention Training Institute.

I might add that Florida is only one of three States in the Nation that has its own Crime Prevention Training Institute. Also, we have the Florida Crime Prevention Association, which I am president of, which brings together all crime prevention practitioners throughout the State of Florida.

On the local level, there are currently 10 multicounty crime prevention associations that bring practitioners together on a frequent basis to network and exchange strategies. Many of the crime prevention strategies recommended to the elderly do not require spending money, but simply changing one's behavior patterns.

This at times is very difficult for the elderly to do. If they have been doing something for 30 or 40 years, it is very difficult for them to change those habits overnight; example being simply locking the home that they might occupy when they are out traveling certain areas, to be aware of suspicious persons, suspicious activity.

The Federal Government has said, time and time again, how much money could be saved each year if all those eligible Social Security recipients simply signed for direct deposit, but as we

know, there is still a significant percentage that have not. Not only would it save the Federal Government money, but it would reduce all crimes associated with Social Security checks, probably the most serious crime being armed robbery of the senior citizen while in the process of negotiating his or her check.

I have a brief article that illustrates a gentleman in Sarasota who was 85 years old, and upon exiting the bank after cashing his Social Security check, was robbed at gunpoint. I think when we talk about crime prevention, this is a clear-cut example of how a crime could have been prevented, had this gentleman signed up for direct deposit.

The financial loss for the senior can be a lot more traumatic than for a younger person; in particular, if they are living on a fixed income. Picture how a senior would have to live without any money, food, or heat while the Federal Government processes their reimbursement claim. Many seniors are slow to recover from injuries sustained from the robbery, and unfortunately, some never live to tell about it.

Because of physical deterioration, the senior citizen makes for a better purse snatch victim than does a younger person. Therefore, the senior has to learn to minimize their risk by following several common sense precautions. A few include the following:

First, travel in a group whenever possible. We know there are and is safety in numbers.

Second, do not carry any more cash than is necessary. Checks, credit cards, those things can be replaced, but cash cannot.

Third, do not carry a type of purse, or carry it in such a fashion that you will become injured should it be taken away from you. We always caution seniors to be careful of these shoulder strap purses, or taking and wrapping the purse tightly around their arm, so that when the purse snatcher comes from the rear, which is primarily the approach that they take, and tries to take the purse away from the senior, they will not be pulled to the ground, and subseqently injured.

Fourth, do not fight back with the purse snatcher. These people are younger, they are stronger, and they can physically overtake you.

Fifth, remember to obtain a good physical description of the subject, if at all possible, and report it to law enforcement as soon after as possible.

Sixth, cooperation is the keyword in this situation.

We realize that crime can never be eliminated completely, but studies show that the elderly can reduce their chances of being victimized. If they should become a victim, with the proper training, they will minimize both their loss and possible injury.

If all seniors were to do away with the old adage, "It will never happen to me," and change those habits that put them into the high-risk category, then the incidents of crime against the elderly would be reduced.

Law enforcement around the State has a lot of valuable information, free of charge, for the senior citizen, if they will only take the time to find out what they can do to protect their lives and their property, to help stop crime.

Senator HAWKINS. Mr. Walls, do you know how the victimization of the elderly in Florida compares with violent crime nationwide?

Mr. WALLS. That is a very difficult question to answer. If we speak in general, sometimes we can get ourselves into trouble.

We have a lot of variables in Florida here that we do not have in other States, such as the high population of senior citizens, and transient population, a climate that many times is conducive to crime happening, such as a warm climate, now, where in larger cities your street crime during snow blizzards and things is decreased. I do not have any exact figures that I can provide you.

Senator HAWKINS. Thank you for being with us today and participating in this hearing, and I am glad we have you, Mr. Walls, to help.

And everybody call Lena and help her organize this area of the country. I think we will be safer if we listen to Lena and Art Walls together.

We will excuse this panel at tbis time, and call our third panel. We have three experts in the area of fraud against the elderly.

We have Mr. Charles Harper, Mr. Jack Swagerty, and Mr. Bill Richards.

Mr. Swagerty serves as the assistant chief postal inspector in our Nation's Capital, and he is involved in mail fraud scandals.

Mr. Charles Harper serves as administrator with the U.S. Securities and Exchange Commission, called the SEC, and he will tell us of several recent cases of financial fraud which have now reached a national level, with their bases in Florida.

And Mr. Richards is from Largo, FL, and he directs the Pinellas County Department of Consumer Affairs.

Welcome, gentlemen.

Mr. Swagerty, will you go first?

STATEMENTS OF JACK SWAGERTY, ASSISTANT CHIEF POSTAL INSPECTOR, WASHINGTON, DC; CHARLES C. HARPER, ASSOCIATE REGIONAL ADMINISTRATOR, U.S. SECURITIES AND EXCHANGE COMMISSION, MIAMI, FL; AND WILLIAM RICHARDS, DIRECTOR, PINELLAS COUNTY DEPARTMENT OF CONSUMER AFFAIRS, LARGO, FL

Mr. SWAGERTY. Yes, thank you very much.

I am very happy to be here, Senator Hawkins, on a subject that is very important to you and Florida, and also of great interest to the Postal Inspection Service; crimes against the elderly.

Unfortunately, the elderly are very attractive targets to individuals who operate mail-order swindles, and to many other crimes, also.

Mail fraud is particularly real for our Nation's 26 million older Americans. The elderly are particularly vulnerable because most of these people live on fixed incomes, or have limited mobility, and rely on the convenience of mail-order shopping.

Because of the nature of the schemes involved in our cases, we believe that a high percentage of mail fraud and misrepresentation victims are senior citizens.

Over a century ago, Congress' desire to protect the public from fraud schemes conducted by mail led to the enactment of the origi-

nal criminal mail fraud statute, title 18, United States Code, section 1341, and the administrative false representation statute, title 39, United States Code, section 3005. The statutes may be the Nation's first consumer protection statutes, and the Postal Service does use them to combat mail fraud and misrepresentation schemes.

The criminal statute provides for fines and imprisonment for intentionally using the mails in furtherance of a fraudulent scheme. The administrative statute offers an opportunity to protect the public from becoming victims of schemes to obtain money or property through the mail, through false representations.

This statute has a very simple mandate, that persons selling goods or services by mail refrain from the use of advertising which will mislead prospective purchasers in any material respect. Its principal sanction is an administrative mail stop order. A mail stop order prevents a violator from receiving all mail pertaining to the product or service offered.

In addition, the mail-order consumer protection amendments of 1983 have enhanced the effectiveness of the false representation statute. This law authorizes Postal officials to obtain, in person, upon payment of the advertised price, products or services sold through the mail. The amendments also authorize the Postal Service to issue orders directing advertisers to cease and desist from continuing or resuming a false advertising scheme.

Previously, the statute only authorized the issuance of a mail stop order, which directed a Postmaster to return to senders mail responding to the particular name and address used in the false representation or lottery scheme.

Promoters subject to mail stop orders could circumvent them by changing their address and/or name, and continue to operate the scheme without risk of penalty. By authorizing U.S. district courts to impose a civil penalty of up to $10,000 per day against anyone who violates a cease-and-desist order, the legislation provides a good deterrent to this practice. Since implementation of the cease and desist authority on December 9, 1983, 522 orders have been issued.

There are several types of deceptive promotions which, by their very nature, tend to focus on the elderly. One of the most prevalent is what we call the work-at-home scheme. Senior citizens who are living on fixed incomes and seeking additional means for supplementing their income may be enticed by an advertisement which promises enormous earnings while working from the convenience of their homes.

The scheme begins by the promoter's requiring an initial fee of anywhere from $5 to $25 before information about the plan is sent. The fraud often continues as a pyramid operation whereby the consumer involves others in the scheme, resulting in funds being generated for the promoter, but not for the consumers.

The Postal Service judicial officer recently issued a false representation order against an envelope-stuffing program work-at-home scheme known as P. Montana. This scheme promised such things as "substantial earnings of $300 to $500 per week," and "the only cost to participants is a $20 deposit to be mailed to the operator," and "the only limit on income potential is the amount of time de-

voted by the participant." All of these statements are falsely represented.

And if I can depart from the prepared text, I have been in this business for 18 years, and I have yet to find a legitimate work-at-home scheme. They may be out there, but I have not found one yet.

Individuals approaching retirement, or those who are already retired, may respond to what appears to be attractive investment opportunities. Offers of attractive returns on investments appear enticing to anyone seeking a secure financial future.

Recently an investigation in Illinois into a fraudulent investment scheme resulted in the indictments of the operators. Through various misrepresentations, and after obtaining the confidence of elderly rural residents, ranging in age from 60 to 84, the promoters convinced the victims to withdraw personal funds, savings, certificates of deposit, or liquidate their investments for the purpose of reinvesting in the fraudulent company. The victims were induced by promises such as "interest from 13 percent to 20 percent," "tax free," "double your money," and "personally guaranteed."

Approximately 60 elderly people were identified as having invested $1.8 million in this scheme. The defendants, happily, have been sentenced from 5 to 13 years imprisonment, and were required to pay restitution totaling approximately $1 million.

Another recent investigation, conducted in Miami, FL, involved elderly, retired people, along with many others, in an elaborate and extensive oil and gas lease boiler room scheme. Individuals were charged with multiple counts of mail fraud for making false representation, and promises to induce clients, to invest in oil and gas leases owned by the U.S. Government in Alaska.

Misleading statements, such as "the leases can be sold to oil companies for large sums of money," and "normally these lands would have been exclusively reserved for oil developers in a competitive bid situation," were made to the potential investors.

In fact, the land was not of high interest to oil companies, since it was not near oil-producing areas. Approximately 160 victims were defrauded of almost $2 million; as example, a 70-year-old man in a nursing home lost $60,000; a retired woman, 62 years old, lost $24,000; and a widow, in her seventies, lost $42,000 from an estate of $150,000 left by her deceased husband; 11 of the defendants in this particular case have pled guilty, and another 6 face trial this month.

Another scam, a particularly dangerous one to the elderly, is the mail-order sale of worthless pills and devices which promise to rid the aged of needless suffering, which we touched on earlier.

Probably the cruelest of these medical frauds are those which offer hope for the cure of arthritis, cancer, diabetes, and other major illnesses. The ailments and afflictions that are a part of aging will leave the elderly looking for a magical cure to alleviate pain, restore lost vigor, and improve impaired sight and hearing.

Often these pills and devices have not been tested by medical authorities, and could be injurious to health. Since 1970, we have taken action against over 1,800 of these companies for medical and cosmetic products.

Through cooperative Federal, State, and local efforts, we will be able to continue to protect the public from schemes involving these falsely advertised products.

These are just a few of the frauds that are directed at the elderly. In an effort to heighten public awareness to mail fraud and other postal-related crimes, we have 100 of our 1,850 inspectors across the country trained as crime-prevention specialists.

Working with other Federal and State agencies and consumer groups, one of our missions is to educate and inform the public. They work with the media, and have appeared on hundreds of TV and radio interview programs, and have prepared articles for numerous newspapers and magazines.

A slide presentation entitled "Fraud by Mail," has been developed, and is being shown by our prevention specialists to the public. A brochure has also been developed, which cautions against various postal offenses, including mail fraud, entitled "A Consumer's Guide to Postal Crime."

The brochure furnishes tips which will help consumers from being victimized by these types of crimes. An updated version of the brochure has been printed, and we have provided samples to the committee, and these brochures will be distributed soon.

Senator HAWKINS. Are they ready now?

Mr. SWAGERTY. Yes; and we do have some samples at the table to be distributed.

During fiscal years 1981 through 1985, the Postal Service filed 2,049 false representation complaints. This resulted in the issuance of 582 mail stop orders, and the signing of 1,394 consent agreements. During the same period, the Service completed more than 12,000 mail fraud investigations, resulting in about 5,000 convictions.

In closing, it should be emphasized that the key ingredients in the effort to curb the various types of fraud which target America's older citizens are: one, increased public awareness and, two, a vigorous law enforcement effort. It is my belief that hearings, such as this, will greatly improve the public's awareness of this nationwide problem.

Senator HAWKINS. Thank you very much, Mr. Swagerty.

Mr. Harper is the associate regional administrator of the U.S. Securites and Exchange Commission in Miami. He has been very busy lately, the past year or so, I would say. We look forward to your testimony.

Mr. HARPER. I do not believe that elderly Americans are victims of securities fraud solely because of their age. They are the targets of the unscrupulous because they have a life of savings to invest, that young people or persons of middle age do not have available.

Since the elderly or retirement segment of our population depend on the interest, or expected profits from their investments for their livelihood, they can be tempted into risky investments, with promises of high rates of return.

Widows are particularly vulnerable, since in many instances their husbands handled the investments, and, therefore, widows are without the knowledge or experience to protect themselves.

I am sorry to report to you that securities fraud is on the increase, and the schemes are becoming bolder, both in terms of the

misrepresentations made to investors, and the amount of money lost by investors.

In short, we have seen more cases that involve the outright conversion of investors' funds, with very little to mask the process. I think I can illustrate the scope of securities fraud by telling you a little about the cases handled by the Miami branch office in the last 11 years.

When I came to the Commission in 1974, a friend from law school telephoned me and requested assistance in securing delivery of municipal bonds that were purchased by his client, Naval Commander Rutledge, a returning prisoner of war from the Vietnam war.

That led to the Commission's action against R.J. Allen & Associates, a municipal bond firm located in Fort Lauderdale. R.J. Allen had fleeced a large number of returning POW's, mostly naval aviators, out of money which had been accumulated for them while they were incarcerated in North Vietnam.

Shortly after that, Congress passed legislation that required municipal bond broker-dealers to register with the Commission. Also, if my memory is correct, shortly after that the Fort Lauderdale News carried a headline, "Fort Lauderdale Is the White Collar Crime Capital of the United States."

In 1985, 10 years later, the Wall Street Journal carried a front page story with the same theme, after the collapse of E.S.M. Government Securities, Inc. When I saw that article, it seemed like, to me, that very little had changed.

In 1977, we witnessed the collapse of Winters Government Securities. That was the government securities firm that dealt with the U.S. Government securities, or securities by the full faith and credit of the United States. The loss there was $7 million, and we thought it was an enormous sum.

In 1981, the Commission brought an action against Dennis Greenman. Mr. Greenman represented that he had a foolproof method of trading options on securities, on different exchanges simultaneously. He told his victims that their funds were to be held in U.S. Government securities for cash every night for complete safety.

Mr. Greenman, in implementing this scheme, sent bogus brokerage firm monthly statements to customers, and diverted the real monthly statements to post office boxes he controlled.

He simply went to a printshop, and had them print up brokerage firm monthly statements. They looked exactly like the genuine ones. He went down to the gas company, because he found out the gas company had a computer with the same typeface as the legitimate brokerage firm statements, and he typed up his own statements every night, showing that people had profits.

This brokerage firm flourished for several years, while Mr. Greenman was a senior vice president of a major securities firm in Miami, FL. At the height of the scheme, Mr. Greenman represented to customers that he had $90 million under management. Investors had actually invested $53 million.

Mr. Greenman actually had $22 million which was frozen by the court, the difference of $31 million being lost on trading options, or through Mr. Greenman's conversion of customer money.

These large securities frauds are becoming all too commonplace. In late 1985, February 1985, the accountant in our office, who works on enforcement matters, came into my office and said: "We're about due for another big one."

I thought he meant a $2, $3, or $4 million fraud, which is somewhat routine here.

He said: "No, a really big one."

On March 4, we filed a case against E.S.M. Government Securities. It was a big one. Losses there were $320 million, and it caused the first bank holiday since the Depression. You may remember seeing on television the banks closing in Ohio, and people standing in line in very cold weather, trying to withdraw their deposits.

The foregoing are some of hyst the major landmark fraud cases. In the past few years we have sued boiler room operators selling oil and gas interests, boiler room operators selling mineral aggregates. Some of you may not know what a mineral aggregate is, but it is a pile of loose rocks, and they raised $1 million selling people loose rocks.

One of the oil and gas promoters had a script, and we got it when we subpoenaed some documents, and the script said—let me give you an example of what they told people:

> If we're only talking about half, this is how successful you could be. A hundred barrels a day. We're talking about $2,000 a month. Is that the kind of money you'd like to make?

Senator HAWKINS. This is over the telephone?

Mr. HARPER. This is over the telephone:

> Financial security versus social security, isn't it refreshing to have an investment where you invest in your own future, and not your broker's future? You never have to worry about when to take profits.

Senator Hawkins, there were no profits.

"Hook versus greed," they would tell people an exaggerated profits story about how somebody made a fortune. The offering is almost sold out.

"It is too good to be true? Of course it is. You see, I could have called you one of the other 10 wells that we were selling, but they all had an element of risk."

It was really a terrible scheme. One of the investors—we saw next to his name in one of the salesmen's notebook—it said, "Mooch—heavy drive, don't take 'no' for an answer. Bully him."

Why is there an increase in securities fraud?

Forbes magazine came out with an article on May 20, 1985, and it said, "Investment Scams." This is what was on the cover, "It Really Is a Jungle Out There." And Forbes said that the United States is in the grip of the most devastating epidemics of investment swindles, and near swindles in its history. Greater than 1929? Yes. In 1929, only a small part of the population was worth a fleecing. Today the country has 1 million millionaires. There are millions more out there who have large liquid assets.

According to Forbes—and this is something that those of us involved in enforcing securities laws know—millionaires are not the only targets for securities fraud. There are investment schemes for the rich and for the poor—from worm farms, to sophisticated tax shelters.

I would like to take a minute to tell you how you can avoid becoming involved in a securities fraud. The time to avoid a securities fraud is before an investor has parted with any of his money.

Once the fraud is discovered, and the investigation and prosecution by the Government is underway, it is too late. In my experience, investors rarely receive—if they are lucky—more than 20 to 30 cents on each dollar invested in investments where there is fraud. How can you protect yourself?

No. 1, never send money to a faceless voice over the telephone. With these 800 WATS line telephone services, the promoters never have to get out of town, like they had to in the old movies, they are already out of town.

Beware of high-pressure sales tactics. Pass up any securities product that you do not understand. If you do not have time to look into an investment carefully, you should decline to make the investment.

Beware of promises of guaranteed profits. This is the easiest way to spot a securities fraud, if somebody is guaranteeing a big profit.

Avoid promoters that fail to give you a clear and detailed explanation of your investment.

Shop around before you invest. Many people come into the SEC office, after investing $100,000 or more with a securities brokerage firm, and admit that they bought the first sales presentation. These are the same people that would go to three stores before they bought a color television. You can shop around, and you can learn securities products.

What are the competitors offering? What are the sales charges? Are there any costs in the transactions? Look at the use of proceeds section of the prospectus, or other offering documents.

If preservation of capital is important to you—and I suggest this to most of the elderly—take a percentage or two less to get a safe investment you understand. You do not have to be the smartest investor in the world. There is nothing wrong with taking less risk, and getting a little bit less.

Finally, when you say "no," to a salesman, mean "no."

Now, where can you go for help? The SEC has an office in Florida. I can give anybody that is interested that address. We are in the telephone book. I suggest you call me. Every week I receive three or four letters from Senator Hawkins requesting assistance for members of the public, and I suggest if you cannot write to us, you should write to Senator Hawkins, and she will get in touch with us.

I am ready for any questions, Senator.

Senator HAWKINS. I wanted to know if you think present law is sufficient to provide financial fraud schemes from running out of State?

Mr. HARPER. I think the present laws are sufficient. I would like to see the statute passed requiring U.S. Government securities dealers to register with the Securities and Exchange Commission. That would afford people with specific insurance, which would insure their accounts up to $500,000 for individual investors.

Senator HAWKINS. Is there any restitution available for innocent victims of financial fraud, other than the 20 or 30 cents, you say, on the dollar?

Mr. HARPER. Well, that is only the amount that can be recovered through litigation, and what is frozen by the SEC. If it is a registered broker-dealer that goes out of business, and owes the customers money, then the customers can get $500,000 of coverage through the Securities Investor Corporation.

Senator HAWKINS. Well, you have been in this business an awfully long time, Mr. Harper. In your opinion, are there any really legitimate get-rich-quick schemes?

Mr. HARPER. No, ma'am.

Senator HAWKINS. So just a rule of thumb would be to say "no"?

Mr. HARPER. Yes, ma'am.

Senator HAWKINS. And you have a list of those suggestions to prevent people from being swindled out of money, I believe, in your statement, and we will have copies of those statements on the table for others to take home.

We appreciate your answering my constituents' mail. We know that we keep you very busy.

And Mr. Richards is with the Pinellas County Department of Consumer Affairs in Largo, and we would like to hear from you.

Mr. RICHARDS. Good morning.

Pinellas County's Department of Consumer Affairs is a county agency funded by the board of county commissioners, and functioning under the operational supervision of the State attorney's consomer fraud division.

In Pinellas County, we have an exceptionally large, elderly population. Actually, more than 30 percent of our citizens are 65 years or older, and our elderly citizens are the main targets of unethical business practices, fraud and financial exploitation.

From our experience over the last 11 years at the local level, fraud against the elderly may be divided into three distinct categories.

The first category is con games. These are scams, such as the pigeon drop, and the bank examiner scheme. The primary targets of these scams are elderly citizens. Many victims of these con games never report the matter to law enforcement agencies because they are ashamed of themselves.

Consequently, it is very difficult to determine how extensive the con game problem really is. We do, however, see reports of such cases from time to time, and it is very rare that successful prosecution is achieved because of the advanced age of the victims, and the skill of the con artists in the use of subterfuge.

The second category of fraud that we see is consumer fraud, or fraud involving consumer transactions. In Pinellas County, we see consumer fraud cases involving every type of consumer transaction imaginable. Our elderly consumers seem to be particularly vulnerable in certain types of transactions, such as home improvement and home repairs, automobile repairs, and investments.

Florida is a favorite winter location for door-to-door home repair con artists. Naturally, it is too cold to go door to door in Chicago right now. The Consumer Fraud Division recently filed a series of eight fraud charges against a leader of a gang of itinerant roof painters who have been operating in this area for decades. This gang specializes in selling roof painting jobs to elderly homeowners.

The initial offer is usually $200 to do the job, but by the time the work is completed, the price has risen to as much as $4,000. Of course, the paint often washes off in the first rainstorm. Right now, there are dozens of operators in this same gang working this area.

We have developed a system for investigating auto repair fraud that clearly reveals the extent of that problem. We have the condition of one of our cars documented by experts, and then we have one of our investigators, a 60-year-old grandmother, drive the car to various auto repair shops for checkups.

Almost every time we have taken this undercover car on the road, we have been defrauded by one or more local auto repair shops. The amount of money stolen from us by fraud has varied from as little as $15, to as much as $700.

The State attorney's consumer fraud division has filed more than 20 criminal fraud cases based on our undercover auto repair operation, and has successfully prosecuted all of them. From this, we have to assume that our vulnerable elderly consumers experience the same type of fraud when they take their cars in for repair.

Investment fraud can be particularly damaging to elderly citizens, since it often results in the loss of hard-earned life savings of the victims. Retirees faced with continued increases in the cost of housing, food, and medical services are forced to look for the best returns on their investments, and here there are plenty of con artists available to relieve them of their savings with false promises of high interest payments.

The third category that we see appears to be a growing one, and that is financial exploitation. Financial exploitation is often a result of loneliness suffered by elderly widows and widowers living alone in Florida, away from their hometown, friends, and relatives.

We frequently see cases where elderly citizens living alone are befriended by persons who express a desire to help them. In all too many cases we find that the elderly victim's life savings have been drained off by the helpful friend, using a power of attorney, or joint bank account, or other similar means.

In addition, elderly citizens are often vulnerable to financial exploitation by unethical business operators who use unconscionable contracts or gross overcharging to take their savings. We have seen a case where an elderly widow paid $900 for repairs for a refrigerator, repairs which should have cost $100 or less, and recently an 87-year-old widow, legally blind, and physically disabled, spent $37,000 for dance lessons in a 6-month period of time.

There is room for improvements in both detection and prevention of fraud against the elderly. Most counties in Florida have no consumer protection programs at all, and although we are well funded in Pinellas County, some of the other existing consumer protection agencies in the State are hopelessly understaffed. What is needed is increased emphasis at all levels on the investigation and prosecution of fraud, and an intensification of efforts at all levels in the area of consumer education for our elderly citizens.

I believe that the Federal Government can best help in this field by implementing programs to promote and facilitate local consumer protection and consumer education programs. This can best be accomplished in much the same manner as the programs in sup-

port of law enforcement by the now defunct Law Enforcement Assistance Administration.

Thank you.

Senator HAWKINS. Thank you, Mr. Richards.

We filed some legislation to correct some of the really fraudulent schemes of leasing television sets, things of that nature, that witnesses say that they paid as high as $2,000 leasing a year for a television set that they were renting. And they could have purchased the television for under $200.

And again, it is the weak and uninformed. We are proud of your consumer department. I work a lot with you. Do you have a number that the public could call if they think it is a suspicious transaction?

Mr. RICHARDS. Yes, ma'am, we are in the telephone directory, but our number is 586–5402.

Senator HAWKINS. And that is Pinellas County?

Mr. RICHARDS. Pinellas County Division of Consumer Affairs.

Senator HAWKINS. So for those that would like some advice, you can tell them over the telephone?

Mr. RICHARDS. Yes.

Senator HAWKINS. Well, we think prevention is the best way to prevent this from happening, but unfortunately, Forbes magazine, the Fort Lauderdale News, and papers even in the East remark about how many of these schemes are started in Florida, because of our senior people here, and I have learned today that senior does not even include 88. She is just getting a start on us.

We thank you for participating in this hearing today.

All witnesses provided thoughtful testimony for the Senate to consider when we are looking at abuse of the elderly. If my office can give any copies of the record, once it is typed, from this lovely court reporter, we will be glad to furnish the hearing to you.

There are copies on the table, as I said earlier, of everyone's testimony, and we urge you to get copies and read that, and practice what it says. And stay in touch with the gentlemen and ladies who have spoken with us today, and if you have any doubts, just do not.

As far as the crime committed against the elderly, physical abuse, I believe, is on the rise, and we should be our neighbor's keeper.

[Additional material supplied for the record follows:]

STATEMENT FOR THE RECORD OF

THE AMERICAN ASSOCIATION OF RETIRED PERSONS

REGARDING CRIME AND THE ELDERLY

SPECIAL COMMITTEE ON AGING

UNITED STATES SENATE

December 9, 1985

The American Association of Retired Persons, the largest membership organization in the country with over 20 million persons over the age of 50, is dedicated to alleviating the problems and addressing the needs of older persons and to improving the quality of their lives through meaningful opportunities for service.

In 1972, AARP instituted its Criminal Justice Services (CJS). CJS has, on a continual basis, studied the pattern and effect of criminal victimization on older persons and has developed and implemented programs that encourage older Americans to reduce criminal opportunity and their own risks of being victimized. These studies show that although the elderly are not the most heavily victimized by the three most serious violent crimes - murder, rape and aggravated assault - they are the favored and hence principal victims of criminal fraud, strong-arm robbery, purse snatching, theft of checks from mailboxes, vandalism and harrassing phone calls. For this reason, and because crime has a unique and exaggerated effect upon the lifestyles and emotional well-being of elderly victims, crime has been consistently cited by the elderly as being one of their major concerns, along with economic security and health issues; among the urban elderly, it is ranked first.

Being old not only increases the chance you will be a victim; it can magnify the consequences of crime. Pervasive fear is generated and spread to those who may not have been directly involved, and many elderly persons who recognize their vulnerability to crime make drastic, unreasonable and tragic changes in their lifestyles in order to avoid what they believe are threatening situations, especially in urban areas. They hide behind locked doors and windows, are fearful of going to the market or to the bank--or to the doctor. What for many of them is critical social interaction for their emotional and physical

well-being is reduced to a life in fearful isolation. This is particularly true for elderly women, who may quite rightfully perceive themselves as being especially vulnerable. Even if you argue that raw statistics show that the elderly do not suffer from a greater number of actual crimes than other segments of the population, this can be explained by the fact that many of the elderly remain virtual prisoners in their own homes due to fear of crime.

AARP's CJS programs focus on the prevention and analysis of crime and are aimed at law enforcement and other governmental officials, potential victims and persons interested in community efforts to reduce crime. One of our most successful programs, developed in 1976 with funds generously provided by the Enforcement Assistance Association, is a course of instruction for police officers about how to respond to the special needs of the elderly for protection, and how to utilize older persons in local volunteer programs. A complementary program trains volunteers to assist police and sheriffs in tactical crime analysis. In related activites, AARP CJS Volunteer Consultants work with police and sheriff's departments around the nation to help them set up groups of crime prevention trained volunteers that perform public services (such as residential security surveys; crime prevention seminars; property identification; organization of neighborhood watch programs; and telephone lifelines) and certain police services emphasizing tactical crime analysis (such as computer data entry; analysis of crime reports,

lab reports and evidence; administrative and clerical functions; fingerprint identification; and emergency procedures such as first aid). Far from fitting the stereotype of older persons as incompetent and infirm, law enforcement agencies have found that they are in many ways ideal volunteers: they are available, skilled, conscientious, influential in their communities and committed to their betterment.

In addition to these training programs, AARP regularly conducts seminars informing older persons on subjects such as how best to prevent crime and protect themselves; neighborhood watch and other community methods of crime prevention; personal security; and judicial processes. AARP works with legal organizations (such as the American Bar Association) and governmental agencies (such as the U.S. Department of Justice) to develop not only these structured programs but to design and conduct the research discussed above. AARP also publishes pamphlets and books on crime issues of concern to the elderly and has developed resources and information used by federal and state legislators and officials, local civic leaders, police departments and other organizations, all of whom call on us regularly.

AARP's legislative activities in this area include following of state legislation on crimes against the elderly, monitoring the implementation of state and federal criminal laws and, commenting on federal and state legislation when appropriate.

In this vein, AARP would like to urge Congress to support and assist the efforts of organizations such as AARP and its

volunteers in identifying, preventing and protecting the elderly from crime and its consequences. Specifically, the federal government should encourage, with financial and technical assistance, state and local agencies to compile detailed and uniform crime statistics, including information on victim age so as to better identify those crimes to which the elderly are disproportionately subject. Increased government sponsorship and funding of crime prevention programs are needed to increase citizen interest and participation in community efforts to reduce crime. Additional public information and media programs are needed to educate persons, especially older persons, about simple crime prevention. Demonstration programs that highlight how economic crimes such as criminal fraud are perpetrated are crucially important.

A bill recently introduced by Congressman Rinaldo would, through a new office to be established in the U.S. Department of Justice, provide for many of these programs and services and for the compilation and dissemination of crime statistics necessary to combat the epidemic of crime against the elderly and its consequences. We applaud Mr. Rinaldo and his co-sponsors for their introduction of that bill, the Elderly Crime Prevention and Victim Assistance Act of 1985 (H.R. 3120), and will work for its passage in Congress.

AARP also urges Congress to take steps to strictly control the availability of handguns, which are the most frequent weapon use in the commission of violent crimes. Both a review of the

federal criminal code and an examination of victim's rights proposals may also be appropriate.

AARP's programs highlight the fact that there are many low-cost crime prevention techniques that make a difference in the communities in which they are implemented. AARP is grateful for the Committee's interest in this issue and stands ready to assist in helping you combat the terrible problem of crime against the elderly.

Senate HAWKINS. Thank you for participating here today.

The hearing is over.

[Whereupon, at 11:17 a.m., the subcommittee adjourned, subject to the call of the Chair.]

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